

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 08091 191539Z

66

ACTION L-03

INFO OCT-01 EUR-25 ISO-00 EB-11 TRSE-00 CPR-02 IO-14 SS-20

CIAE-00 INR-11 NSAE-00 RSC-01 SP-03 DRC-01 /092 W

----- 074647

R 191447Z SEP 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 3784

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USUN 2771

C O N F I D E N T I A L VIENNA 8091

E.O. 11652: GDS

TAGS: EFIN, AU

SUBJECT: FOREIGN TAXATION OF USG EXPENDITURES ABROAD

REF: STATE 202284

1. EARLY IN 1974 DIPLOMATIC CORPS IN VIENNA FORMED COMMITTEE, CHAIRED BY AMB. HUMES, TO PRESS GOA FOR ACTION ON CORPS' LONG-STANDING REQUEST FOR EXEMPTION FROM VAT. IN JUNE GOA PRESENTED REVISED PROPOSALS FOR IMPLEMENTING REIMBURSEMENTS FOR VAT PAID ON OFFICIAL TRANSACTIONS ABOVE CERTAIN SCHILLING AMOUNT. CORPS FOUND MANY OF PROPOSALS UNACCEPTABLE AND SET FORTH COUNTER-PROPOSAL IN AIDE MEMOIRE OF JULY 12, 1974, INCLUDING SPECIFIC DESIRE FOR INCLUSION OF PERSONAL EXPENDITURES UNDER VAT EXEMPTION. IT IS ANTICIPATED THAT GOA WILL CALL A MEETING WITH CORPS IN NEAR FUTURE TO DISCUSS THESE PROPOSALS.

2. VAT LAWS ARE ADMINISTERED BY GOA FINANCE MINISTRY WHICH HAS BEEN RELUCTANT TO PROVIDE RELIEF TO DIPLOMATIC CORPS. LOSS OF REVENUE TO GOA DOES NOT APPEAR TO BE MAIN STUMBLING BLOCK. GOA PROCRASTINATION PROBABLY CAUSED MORE BY FOREIGN AND FINANCE MINISTRIES' RELUCTANCE TO ESTABLISH OFFICE (S) FOR PROCESSING REFUNDS OR ALTERNATIVELY BY SOCIALIST GOVERNMENT'S HESTANCY TO

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 08091 191539Z

INTRODUCE REVISED VAT LEGISLATION EXEMPTING DIPCORPS

FROM VAT.

3. EMBASSY BELIEVES THAT FORTHCOMING GOA MEETING WITH DIPCORPS WILL PRODUCE LITTLE FORWARD MOVEMENT, PARTICULARLY ON QUESTION OF REFUNDS FOR PERSONAL PURCHASES. IF THIS PROVES TO BE CASE, EMBASSY AND MANY OTHER MEMBERS OF CORPS BELIEVE IT FUTILE TO CONTINUE NEGOTIATIONS AT FOREIGN MINISTRY LEVEL AND THAT DIRECT APPROACH TO CHANCELLOR KREISKY OFFERS BEST PROSPECT OF GENERATING FAVORABLE DECISION. TIMING FOR SUCH A MOVE IS PROPITIOUS AS GOA PLANS TO MAKE MAJOR EFFORT IN UN THIS FALL TO HAVE VIENNA RECOGNIZED AS THEIR UN CITY, AND FAILURE TO GRANT VAT EXEMPTIONS AT LEAST AT LEVEL OBTAINING IN MANY EUROPEAN CAPITALS COULD IMPEDE THIS EFFORT.

4. ACCORDINGLY, EMBASSY BELIEVES ISSUE IS ONE REQUIRING BASIC POLITICAL DECISION BY CHANCELLOR IN FACE OF CORPS' UNITY ON ISSUE. SINCE GOA'S LEGAL POSITION HAS NOT CHANGED SINCE VISIT OF FIELDS AND HUANG IN JUNE 1973, THERE IS NO MAJOR ADDITIONAL LEGAL INPUT TO BE MADE TO ARGUMENTS.

5. PROPOSED ACTION: AT THIS JUNCTURE WE ARE OF VIEW THAT LITTLE COULD BE ACCOMPLISHED BY VISIT OF SUBCOMMITTEE TO VIENNA. HOWEVER, WE WOULD LIKE OPPORTUNITY TO REVIEW AGAIN IN EARLY OCTOBER UTILITY OF SUCH VISIT IN WAKE OF PROBABLE CORPS MEETINGS WITH GOA ON ISSUE IN NEXT TWO WEEKS. ALSO, IF EEC VAT POLICIES ARE HARMONIZED, IT IS QUITE POSSIBLE THAT GOA WOULD FOLLOW THEIR EXAMPLE; HOWEVER, IF AUSTRIA DOES NOT PURSUE SUCH COURSE, ASSISTANCE FROM SUBCOMMITTEE WOULD THEN BE MOST HELPFUL.

6. DO NOT RPT NOT PASS FOREGOING TO AUSTRIAN EMBASSY.HUMES

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX RATES, GOVERNMENT EXPENDITURES, DIPLOMATIC PERSONNEL, TAX RELIEF
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974VIENNA08091
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740263-0779
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740930/aaaaayxf.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 202284
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAR 2002 by elyme>; APPROVED <20 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN TAXATION OF USG EXPENDITURES ABROAD
TAGS: EFIN, AU, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005